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An Audit of the Cash
Revolving Fund
January 1, 2003, Through
February 20, 2004



*Audit Number 03029
March 30, 2004*

CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CONTROLLER

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CITY AND COUNTY OF SAN FRANCISCO

**OFFICE OF THE CONTROLLER
AUDITS DIVISION**

**Ed Harrington
Controller**
**Monique Zmuda
Deputy Controller**

March 30, 2004

Audit Number 03029

Ed Harrington, Controller
Office of the Controller
City Hall, Room 316
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Dear Mr. Harrington:

The Audit's Division of the Office of the Controller (Controller) presents its report concerning the audit of the Controller's cash revolving fund. The Controller uses the revolving fund to pay for minor office, promotional, and postage expenses.

Reporting Period: January 1, 2003, Through February 20, 2004

Authorized Amount: \$200

Results:

The Controller correctly administered and used its revolving fund. The Controller currently divides its funds to be used by the Accounting Operations and Systems Division (AOSD) and the Payroll/Personnel Services Division (PPSD). While the total authorized amount is adequate to meet the needs of the Controller, it should consider transferring the funds from PPSD to AOSD since PPSD rarely used the funds during the period we reviewed.

Respectfully submitted,

Noriaki Hirasuna
Director

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INTRODUCTION

BACKGROUND

The Board of Supervisors of the City and County of San Francisco appropriated a cash revolving fund of \$200 to the Office of the Controller (Controller) under the San Francisco Administrative Code (Administrative Code) Section 10.139. The Controller uses the revolving fund to pay for minor office, promotional, and postage expenses.

SCOPE AND METHODOLOGY

The purpose of this audit was to determine whether the Controller's revolving fund assets agreed with the amount authorized in the Administrative Code and recorded in the Controller's Financial Accounting and Management Information System (FAMIS). We also determined if the Controller properly administered and used the revolving fund. In addition, we assessed whether the internal controls over the fund were adequate, and whether the revolving fund was sufficient to meet the Controller's operational needs.

To conduct the audit, we reviewed the applicable provisions in the Administrative Code, the Controller's Departmental Instruction No. 1052, and the Purchaser's *Guide to Ordering Goods and Services*. We evaluated the Controller's procedures for recording, summarizing, and reporting the revolving fund transactions. We tested, on a sample basis, the Controller's revolving fund transactions during the audit period to determine whether the transactions were proper and valid.

AUDIT RESULTS

THE CONTROLLER'S REVOLVING FUND TOTAL AGREED TO THE AUTHORIZED AMOUNT

As of February 20, 2004, the Controller's cash revolving fund balance of \$200 agreed to the amount authorized in the Administrative Code and recorded in FAMIS. The Controller used the fund assets within the intended purpose of the fund and in compliance with the Controller's Departmental Instruction No. 1052. Further, we found that the Controller's internal controls over its revolving fund were adequate and the expenditures made by the Controller were valid and properly supported. Finally, we determined that the revolving fund amount, which is divided between two divisions, Accounting Operations and Systems Division (AOSD) and Payroll/Personnel Services Division (PPSD), is adequate to meet the Controller's operational needs. However, PPSD rarely used its share of the revolving fund, making five expenditures totaling \$61 for the fourteen-month period we reviewed.

RECOMMENDATION

To make use of the revolving fund fully, the Controller should transfer the amount held by PPSD to AOSD.

We conducted this review according to the standards established by the Institute of Internal Auditors. We limited our review to those areas specified in the audit scope section of this report.

Staff: Helen Vo

cc: Mayor
Board of Supervisors
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